OUTGOING TELEGRAM
DEPARTMENT OF STATE

F760002-0281

585 (R)

114936

PET 6 UK
XR PET 15-2 LIBYA

FORM DS 322(OCR)

ACK	114936	132120Z JUN 73	RUSH ATURE

14 UNCLASSIFIED
CLASSIFICATION
SPECIAL CHARGES

DECLASSIFICATION DATE 6/16/75
PER MJenebek OFFICE EUR
NAME
FADRC FOI CASE NO. 5-A-88

EB:ORF:FSE:GSBROWN
EXT: 20681 6/13/73
EB/IFD - MR. KENNEDY
NAME

L/AF - MR. HUFFMAN NAME
NEA/GRK - MR. CHURCHILL
CLEARANCES

AF/N - MR. LANE NAME
CLEARANCES

DESIRED DISTRIBUTION

PRIORITY ATHENS
INFO PRECEDENCE
SPECIAL HANDLING

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DATE
ACTION ADDRESSES
RDS or XDS EXT DATE
TS AUTH. INFO ADDRESSES
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED
PA or FOI EXEMPTIONS

INITIALS

E.O. 11652 GDS-DECLASSIFY DEC 31, 1979
TAGS:ENRG
SUBJECT: LIBYAN OIL: NATIONALIZATION OF BUNKER HUNT
REF: STATE 112594 — PET 6 UK XR PET 15-2 LIBYA XR PET 17-2 6mm

1. IN LIGHT OF LARG NATIONALIZATION 6/11 OF BUNKER HUNT'S REMAINING HALF INTEREST IN OLD BP/HUNT CONCESSION, YOU SHOULD AMEND DEMARCHE CONTEMPLATED IN REFTEL AS FOLLOWS:

A) IN OPENING, YOU SHOULD NOTE THAT LARG NATIONALIZATION OF BUNKER HUNT INTERESTS WAS MADE POSSIBLE BY LARG SUCCESSES IN SELLING OIL FROM NATIONALIZED BP SHARE OF CONCESSION. GOG, AND OTHER GOVERNMENTS ALLOWING IMPORTATION OF NATIONALIZED BP PETROLEUM (OR BUNKER HUNT SHARE IN FUTURE) ARE IN EFFECT SUPPORTING LARG NATIONALIZATION POLICY.

B) NOTE THAT BUNKER HUNT HAD ASKED FOR ARBITRATION OF OPERATING DISPUTES STEMMING FROM EARLIER NATIONALIZATION OF BP SHARE, AND THAT LARG AND HUNT HAD APPOINTED ARBITRATORS. NATIONALIZATION STEP CONSEQUENTLY TAKEN WHILE ARBITRATION EFFORT WAS UNDERWAY TO ATTEMPT RESOLVE DISPUTES BETWEEN COMPANY AND GOVERNMENT.

(2) C) USG RECOGNIZES RIGHT OF LARG TO NATIONALIZE COMPANY, BUT WILL INSIST ON PROMPT ADEQUATE COMPENSATION.

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FORM DS 322A-(OCR)

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UNTIL SUCH COMPENSATION SETTLEMENT REACHED, USG WILL BE UNHAPPY TO SEE GOG CONTINUE TO ALLOW ACTIONS WHICH UNDERMINE SIGNIFICANT US INTERESTS AND ENCOURAGE LARG TO NATIONALIZE FOREIGN INTERESTS WITHOUT PAYMENT OF COMPENSATION.44

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